# **Fact Sheet**

### Module 8—Child Tax Credit and Additional Child Tax Credit

The child tax credit allows taxpayers to claim a tax credit of up to \$1,000 per qualifying child. This reduces their tax liability, potentially to \$0. In order to claim the credit, the taxpayer and child must meet numerous requirements.

When a taxpayer's child tax credit is more than their tax liability, they may be eligible to claim an additional child tax credit as well as the child tax credit. The additional child tax credit is also a tax credit of up to \$1,000 per qualifying child. This further reduces their tax liability and can result in a refund. Taxpayers must meet additional requirements to claim this credit.

Form 1040A	(2007)	)	Page 2
Tax,	22	Enter the amount from line 21 (adjusted gross income).	
credits,	12333		
and	23a	Check   You were born before January 2, 1943, Blind   Total boxes	
payments		if:	
Standard	b		
Deduction for— • People who checked any box on line 23a or 23b or who can be	24	deductions, see page 32 and check here ► 23b ☐  Enter your standard deduction (see left margin).	18
	25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0 25	
	26	If line 22 is \$117,300 or less, multiply \$3,400 by the total number of exemptions	
	20	claimed on line 6d. If line 22 is over \$117,300, see the worksheet on page 32.	
	27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0	12
claimed as a dependent,		This is your taxable income.	
see page 32.	28	Tax, including any alternative minimum tax (see page 32).	
All others:	29	Credit for child and dependent care expenses.	,
Single or	ė.	Attach Schedule 2.	
Married filing separately,	30	Credit for the elderly or the disabled. Attach	
\$5,350		Schedule 3. 30	
Married filing jointly or Qualifying widow(er),	31	Education credits, Attach Form 8863. 31	
	32	Child tax credit (see page 37). Attach	
		Form 8901 if required. 32	
\$10,700 Head of	33	Retirement savings contributions credit. Attach	
household,		Form 8880. 33	10
\$7,850	34	Add lines 29 through 33. These are your total credits. 34 Subtract line 34 from line 28. If line 34 is more than line 28, enter -0 35	- 1
	35		- 0
	37	Advance earned income credit payments from Form(s) W-2, box 9. 36  Add lines 35 and 36. This is your total tax.	
	38	Federal income tax withheld from Forms W-2 and 1099. 38	- 0
	39	2007 estimated tax payments and amount	
If you have	35	applied from 2006 return. 39	
a qualifying	40a	Earned income credit (EIC). 40a	
child, attach Schedule		Nontaxable combat pay election. 40b	
EIC.	41	Additional child tax credit. Attach Form 8812. 41	
	42	Add lines 38, 39, 40a, and 41. These are your total payments.	
Refund Direct deposit? See page 53	43	If line 42 is more than line 37, subtract line 37 from line 42.	
	-	This is the amount you overpaid. 43	
	44a	Amount of line 43 you want refunded to you. If Form 8888 is attached, check here ▶ ☐ 44a	
	▶ b	Routing pumber  □ Crype: □ Checking □ Savings	
and fill in		number F c Type Checking Savings	
44b, 44c, and 44d or	► d		
Form 8888.		number	
	45	Amount of line 43 you want applied to your 2008 estimated tax.	
	40		1
Amount you owe	46	Amount you owe. Subtract line 42 from line 37. For details on how to pay, see page 54. ▶ 46	
	47	Estimated tax penalty (see page 54).	
	-	Do you want to allow another person to discuss this return with the IRS (see page 55)? Yes. Complete the following	ng. No
Third party			g
designee		Designee's Phone Personal identification number (PIN)	
Sign	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my		
here	, K	knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration from the tax year is prepared to the they are true, correct on all information of which the prepared has any knowledge.	in :
Joint return?	. "	our signature Date Your occupation Daytime phone n	umber
See page 18.		( )	
Keep a copy for your	8	Spouse's signature. If a joint return, both must sign. Date Spouse's occupation	
records.	,		-
Paid		Preparer's Date Check if Preparer's SSN or P	TIN
preparer's	-	self-employed	
use only	V	Firm's name (or Pinn's name (o	
	á	address, and ZIP code P	

# **Child Tax Credit Requirements and Limits**

## **Child Requirements**

To qualify, the child must:

- be under age 17 at the end of the tax year
- be a citizen or resident of the United States
- not have provided over half of his/her own support for the tax year
- lived with the taxpayer for more than half of the tax year
- be the taxpayer's:
  - o child or a descendant of a child (for example, a grandchild)
  - o stepchild or adopted child or a descendent of one
  - o brother, sister, stepbrother, stepsister, or a descendent of one
  - o eligible foster child

# **Taxpayer Requirements**

Taxpayers must provide the name and social security number of each qualifying child on their tax returns.

#### **Credit Limits**

The credit depends on the taxpayer's:

- tax liability: the credit cannot be more than the taxpayer's tax liability
- modified adjusted gross income and filing status: the credit may be reduced if the taxpayer's modified adjusted gross income is above a certain amount for their filing status.

# Additional Child Tax Credit Requirements and Limits

## **Child Requirements**

To qualify for the additional child tax credit, the child must qualify for the child tax credit.

### **Taxpayer Requirements**

To qualify for the additional child tax credit, taxpayers must:

- meet the requirements previously discussed for the child tax credit
- have a tax liability that is less than their allowable child tax credit
- earn more than \$11,750 during the tax year

#### **Credit Limits**

The credit is whichever is lower:

- 15% of the taxpayer's taxable earned income that is over \$11,750, or
- The amount of unused child tax credit (caused when tax liability is less than allowed credit)